

INSIGHT on Coinage

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EDITORIAL

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I get to examine the coins sent to P.C.I. As the packages are opened, I scan each one for genuine coins or fakes which I want to photograph for our diagnostic files. In many cases, the coins are inside 2X2 holders with grades and prices. Since I've done this ritual at each of the authentication labs where I have worked, I can report with confidence that third-party grading services have NOT solved the problem of over-graded or obviously doctored coins being sold as criginal Choice Uncirculated.

I believe the over-grading problem still exists in spite of the grading services because of ignorance, apathy, greed, and a disregard for the grading standards. How else can I explain the buffed, "slider" Lincoln and Indian cents in holders marked BU Red. Recently, Eagle Eye Rare Coins reported that lot#6588 in the 1996 ANA Auction, a PCGS MS-64 Red 1886 Indian cent was described by the auctioneer as having been WHIZZED with its diamonds TOOLED!

Collectors must protect themselves from coins such as this by taking a grading correspondence course or attending seminars. Read the Paper! Both weekly numismatic newspapers have increased their content of grading information. Those who choose to ignore these opportunities for a numismatic education deserve the junk which they will purchase as original Uncirculated!

Dealer's may be too busy to take a coin seminar. Perhaps at the end of the day, they are "sick" of looking at coins. Those who attend a dozen or more major coin shows each year acquire their grading skills the hard way: Buy too many "mistakes", and the wallet suffers until the over-graded coin can be sold to one less knowledgeable - perhaps the complacent collector described above. Often, it's the older, "Mom & Pop" operation or part-time dealer who may be out of touch with the realities of grading. Don't get me wrong, these people are the backbone of our hobby; but they may not be as numismatically astute as they should be. A big advertising budget gives no clue to quality either. Based on my experience, some dealers with low "Santa Claus" prices and large advertisements sell the most obvious junk. Perhaps their financial clout and liberal refund policy keeps them immune from criticism.

The answer to the problem of over-graded coins is education coupled with a National Grading Standard which is accepted, well conceived, and universally applied. The ANA Grading Standards need a tuneup and some form of dealer certification might be necessary.

ADVICE AND DISSENT

This is the conclusion of an article on Buffalo nickels from the previous issue of Insight on Coinage.

Many believe that grading is an art, not a scientific method where numbers, photographs, or diagrams give precise results. The Buffalo nickel series supports this belief. These coins must be graded with an experienced eye. There were too many variables at the Mints during the production of these coins resulting in large differences in their appearance and quality. For this reason, I believe that many Buffalo nickels are graded incorrectly as the variations between dates and mints causes difficulties for many trying to grade these coins.

The main criteria used to determine if a coin is truly Uncirculated and original should be the condition of its surface. Any abrasion will destroy the "look" of an original coin. Chemical reaction with the atmosphere or cleaning will also change a coin's surface but these variables are out of the scope of this article.

In theory, only friction wear should be considered while making the determination that a coin is no longer Uncirculated; but commercial interests often overlook small amounts of wear on a coin. Fortunately, Buffalo nickels are not usually seen with many bagmarks. More often they suffer from planchet flaws, counting machine damage, environmental damage, and scratches. Ruling out these "problem coins" means that most nickels are graded by their eye appeal and the amount of their design which is present. This isn't a precise or reliable method for grading many dates in this series!

To be able to grade Buffalo nickels (or any other series of coins), you MUST learn to recognize original Mint luster! One way to do this is to examine untuned coins which have been graded MS-65 and higher by any of the grading services.

My appreciation for the importance of original Mint luster came after reading Sheldon's "Penny Whimsy" published in 1958. I was introduced to his book in 1972 while an authenticator at ANACS. Let me quote from the description of a Very Fine (VF) coin using Sheldon's grading scale: "... and only the highest surfaces show wear, even when the [magnifying] glass is applied." Now, imagine an Uncirculated Carson City Morgan dollar that we have just removed from its Government plastic case. Slide it across a linoleum floor a few times until there is some dull gray wear on its highest surfaces. Can you still imagine the huge amount of blazing Mint luster remaining on the rest of the coin? Sheldon's VF describes today's About Uncirculated grade! Putting 1958 grading standards aside, the point I wish to establish is the minimum criteria for today's VF/XF grade. In spite of the liberalization of grading standards, knowledgeable graders agree that an XF coin will have at least some luster remaining. In reality, some Mint luster should be present on VF coins in original condition. Additionally, the ravages of improper cleaning which destroys luster coupled with commercial interests which tend to ignore it in order to push up a dull coin's "grade/price" have made it very common to see coins graded XF/AU with no original luster remaining! Therefore, if the Sheldon VF coin had most of its Mint luster and if the commercial interests of today regularly grade coins XF/AU with no luster remaining or with a tiny amount still visible inside a coin's legend, allow me to call any coin with obvious original luster remaining a VF/XF no matter how much of its design is visible!

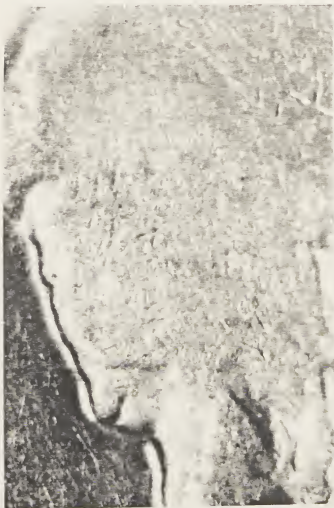
After reading Sheldon's grading descriptions, I realized that the amount of Mint luster on a coin will give an indication of both its grade and originality. At ANACS, I examined many coins such as nickel three-cent pieces and Buffalo nickels with full original luster and large portions of their design missing due to worn dies or poor strikes! That's when I confirmed there was a problem with the grading guides. When weakly struck nickels are graded by the book (amount of design present), they become one to three grades lower than the actual wear grade would have been for a well struck specimen. I discovered that the key to grading any high-grade coin (including weak strikes) which was not cleaned to death, was the amount of original mint luster remaining not the amount of its design detail. Voila! Technical grading was born.

When the grading guides were written, not much information appeared about coins struck using worn-out dies, improper press adjustment or defective planchets. All of these conditions can contribute to a coin which is produced without a complete design yet with full luster and no surface marks. In the grading guides, nickels needed to have a full horn (FH) in order to meet the criteria for the VF grade. BIG PROBLEM. I was examining coins with no horn or as little as 1/4 visible which had most of their original luster remaining. Using my "Luster Method" of grading, the coins were XF and higher; yet the "book" said Fine or lower.

The discrepancy between the GUIDE books and reality will not be resolved soon because MONEY is involved. Commercial interests set the prices of coins. A flatly struck, partial-horn Buffalo nickel with much of its original luster remaining does not bring as much money as a "technically" lower grade FH coin with hardly any mint luster! This relationship between horn and money has become the status-quo and the grading guides served to reinforce this FH criteria without considering the actual coins involved. Today, at any coin show in the country, you will hear some dealer assert that such-and-such Buffalo nickel slabbed as VF, XF, or AU has been graded incorrectly because it doesn't have a FH. The dealer is wrong not the grading service; however, you must understand the coin business. Dealers set prices. There is nothing wrong if most dealers will not buy a Buffalo nickel without a FH at listed VF prices because the prices are based on the amount of horn design remaining rather than the actual amount of wear or luster (technical grade) on the coin. That is why the large price spreads occur at the F/VF grade for many dates. Full horn coins are rare for many dates and are worth the premium they bring.

Is there a way to resolve this situation? While at P.C.I., I have developed a method for grading Buffalo nickels which allows us to grade these coins correctly using the amount of wear they have received yet be priced according to their commercial value. After assigning a grade to each nickel based on luster and wear, we designate the amount of horn visible on coins grading VF and higher so the buyer can assess its commercial value. A VF-20 coin with 1/3 horn visible due to strike weakness is worth less than a VF-20 coin of the same date with 3/4 horn. Only the VF-20 coin with a FH is worth the VF price to the dealers. One major dealer notes that his "buy" prices for VF Buffalo nickels are strictly for coins with a full horn. The two coins illustrated on the following page are

both Choice Uncirculated with full luster. Each lacks the detail of a fully struck coin. As they become worn, the coin with no head detail at all will drop in grade from UNC to Very Good with no intermediate stages!!!



The Coin at right is an example of a nickel with the luster and gross surface detail of a VF/XF coin. This coin would be commercially graded as a Fine because the horn is not full. A coin such as this might be graded as VF-30 $2/3$ horn using the method used at P.C.I and described earlier. Many nickels in the teens and twenties are mis-graded because they lack horn detail.



BACK TO BASICS

When coinage was first developed, coins were used to measure value and served as a medium of exchange. Their use facilitated trading between a buyer and seller because "money" in the form of a stamped piece of metal was a universal commodity as long as it had an acceptable weight and fineness. Soon after the invention of coins, various ways of fraudulent alteration and counterfeiting were tried. It was as easy as shaving a coin's edge to recover part of its bullion content while passing it off as full weight. More sophisticated fakers made copies of circulating coins using less valuable materials. Coins could only perform their intended function if they were universally accepted and their authenticity was unquestioned. Chopmarks were a means of indicating this fact.

- * Chopmark : An Oriental (usually) style character or design punched into the surface of a coin by Far Eastern merchants and bankers to attest its authenticity.

Chopmarks come in many styles and sizes. They are found on all types of coins which circulated in the Orient, especially U.S. Trade Dollars. Most dealers and collectors consider chopmarked coins to be damaged or mutilated and as such to be undesirable or worth little money. The number, location, and severity of the chopmarks determines how much a coin's value is decreased. One undesirable result of a chopmark is the crushed out area of design under the chop (Fig.1) and on the reverse of the coin opposite the chop (Fig.2). Chopmarked coins are eagerly sought by specialized collectors.

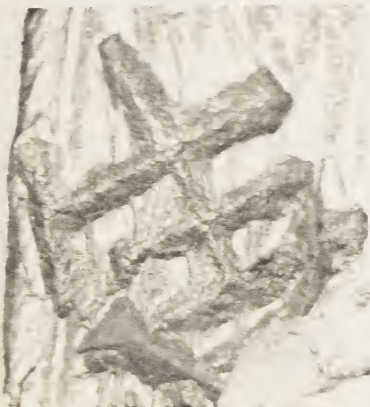


Figure 1

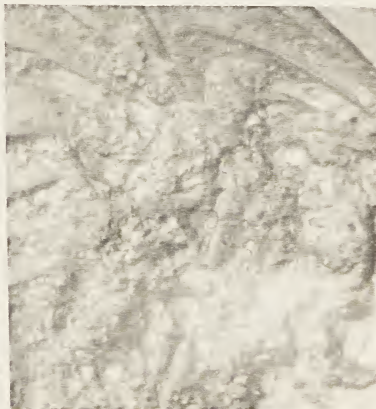


Figure 2

MICROSCOPICALLY SPEAKING

Early dollars are rare in original condition. In fact, if we do not include the 1859-O and 1860-O dollars which were released in Uncirculated condition to collectors in the 1960's, a majority of the remaining dollars have been altered in some way! These coins are over a hundred years old and few have survived without a least having been cleaned improperly.

As I examine an early dollar, after a cursory glance to estimate its grade, I look carefully for signs of repair or surface alteration. Disregarding Mint imperfections such as adjustment marks (See Insight #11), improper cleaning is usually the most noticeable defect. When I see a coin is buffed, etched, or harshly cleaned, this alerts me that there may be other problems which are less obvious. Plugged coins are fairly common on these large coins so I carefully examine the area near the rim for mis-shaped stars, letters, etc. which provides evidence that the coin has a repaired hole (Fig.1). Usually, the hole is made at the top of the obverse but I have seen them in virtually every position around the clock. Close examination is often all that is needed to see most repairs. If one area is suspect, turn the coin over to view the same area on the opposite side for originality. Usually, a discolored circular patch, no matter how carefully it's blended with the field (Fig.2), is a good indication that the coin has been plugged. With few exceptions, the artisans and engravers repairing coins today lack the skills of those working in the 19th Century.

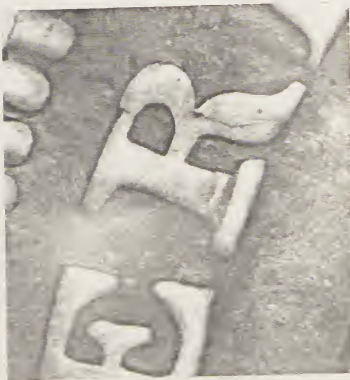


Figure 1



Figure 2

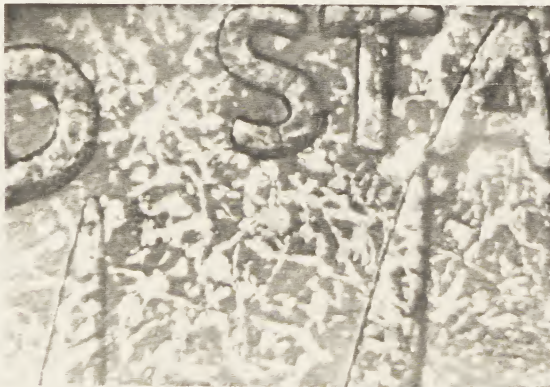
Detecting repairs made to a coin's field is slightly more difficult. On high grade coins, the absence of radial metal flow, especially on only one part of a coin should raise suspicion. Also look for rounded "bubbles" which offer evidence that the coin has been heated during its repair. Other clues to watch for are areas of discoloration, unusual patterns of bagmarks, or multiple tiny "tick marks" (made to hide a repair) which are not present on other parts of the coin and are not representative of bagmarks. Holding the coin at an angle under fluorescent light will often reveal uneven, wavy areas where scratches or surface damage has been smoothed over by "chasing" metal from the adjacent areas. Crude repairs may be obliterated by acid etching or whizzing the coin.

The secret to detecting alterations which others have not seen on these popular coins is to be looking for them no matter how original or nicely toned a coin appears to be!

ALTERATION ALERT

Collectors who read the numismatic press must be aware of how controversial the subject of toning is. Is the toning original or is it ...? My feelings on this subject have been expressed before. They are simple and straightforward: "If the toning looks natural, that's all that matters." I don't care if the color was produced in an hour or occurred over a period of years. In many cases, it's just too difficult to be sure with one hundred percent accuracy if toning is natural. Many times, only the person who first discovers a rainbow hued gem in storage will know that the toning is not fake; and trying to convince the grading service experts of this fact will be futile.

I first saw the toning shown in the photomicrographs below on a commemorative half dollar. It is very attractive and looks



quite natural although the colors tend to be unusually varied and splendidly bright. Under magnification, the toning appears as individual flakes of color which merge together. Distinct shades of olive green, peacock blue, pink, cobalt blue, maroon, gold, and lavender produce some eye-catching silver coins! Many coins with this toning are toned on both sides. Although many "Ex-Perts" are of the opinion that naturally toned coins are usually found toned only on one side, completely toned coins are not something that would normally arouse my suspicions. I have often found coins in old accumulations which were toned on both obverse and reverse.

My first clue that this type of toning might not be original came when coins other than commemorative halves appeared with the same unusual toning. Remember, anything can happen with toning. Coins which are stored together in the same type holder under identical conditions may display similar toning; but the coins I was seeing were sent from different parts of the country. Imagine seeing this group of MS-65+ "wonder" coins together with identical toning: a 1946-S Washington quarter, 1930 Standing Liberty quarter, 1926 Sesquicentennial half dollar, and a 1919 Mercury dime. Toning is a random chemical reaction and as such it tends to be different on different coins. The presence of identical toning on these coins from different sources was a very unusual event. Perhaps these coins were previously stored together for a long period of time before being disbursed. The alternative was scary.

It's scary! Confirmation of my suspicion that this toning is the work of a "coin doctor" came when I approached one of the country's top dealers at a show for an opinion. The dealer not only confirmed my fears but also knew the "coin doctor" who was making these fakes! Coins with this type of toning are beautiful to look at and command high prices but my advice is to avoid them. Many of them have found their way into third-party grading service slabs until the fact that they were doctored was discovered.



COMING UP

Some readers will notice that the Institute has finally closed its Washington, DC office. Getting everything under one roof will allow me to better serve YOU-ALL this coming year. Our new address is on the front page. Now, when my southern friends detect my accent and ask where I'm from, I tell them that I'm from the South...SOUTH Washington, DC!

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